

Voluntary Report - public distribution

Date: 6/21/2004

GAIN Report Number: E34024

EU-25

Grain and Feed

EU Commission revises cereal export refunds, rye export tender

2004

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Report Highlights:

The European Commission has revised the current export subsidies available for common wheat, rye and barley from '-' (dash) to zero and indicated that they will guarantee this rate for the next four months.

A 'dash' means that exports receive subsidies at the prevailing rate, but this can also theoretically be negative, i.e. a form of export tax. The move to zero subsidies removes any uncertainty that an export tax could be introduced.

The Commission has also agreed to open a tender for the export of 1 MMT of German intervention rye from July 1, 2004

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E3]

Export subsidies - 'Dash' to zero

The European Commission has revised the current export subsidies available for common wheat, rye and barley from '-' (dash) to zero and indicated that they will guarantee this rate for the next four months.

A 'dash' means that exports receive subsidies at the prevailing rate, but this can also theoretically be negative, i.e. a form of export tax. The move to zero subsidies removes any uncertainty that an export tax could be introduced.

This change is not expected to have any impact on EU-25 production, supply and demand (PSD) estimates for the EU-25.

However, open market export tenders for rye, wheat and barley have not been reopened. They have been suspended since last fall. Open market export tenders are where EU traders submit bids to the Commission for the quantity and value of export subsidies that they would like to have. The Commission then decides at the weekly Management Committee whether to fix a maximum export subsidy, and a contract is issued to those who have tendered at or below this level.

Intervention rye – export tender

In addition, a new tender for the export of 1 MMT of German intervention rye outside of the EU-25 has been agreed, with the tender expected to start on July 1. The tender will not be subject to price limits (intervention sales for use within the EU must be purchased at least at the intervention price). It is not yet clear whether the rye will be made available from intervention centers or from exporting ports. In the latter case, the Commission could pay for the transport costs from the intervention centre to the port, a transport subsidy that would effectively be an export subsidy and would thus likely count against the EU's WTO export subsidy commitments.

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